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Report of the World Bank

Note by the Secretary-General

In accordance with a request of the Statistical Commission at its thirty-third session,** the Secretary-General has the honour to transmit the report of the World Bank on the International Comparison Programme (ICP). The Commission is requested to review the progress made in ICP and consider further recommendations for its implementation.

* E/CN.3/2003/1.

** See *Official Records of the Economic and Social Council, 2002, Supplement No. 4* (E/2002/24), para. 1.

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International Comparison Programme

Report of the World Bank

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I. Introduction

1. At its thirty-third session, the Statistical Commission reaffirmed its continued support for a credible International Comparison Programme (ICP) and agreed that the financial and in-kind support already secured as a result of fund-raising activities of the World Bank should provide adequate resources. In particular, the Commission:

(a) Welcomed the work of the World Bank and recognized that the Bank's efforts have led to considerable progress in developing an overall approach and strategy for the implementation of a global ICP;

(b) Supported moving ahead as soon as possible with the launch of a new round of ICP in the period 2002 to 2005, but in a time frame that allowed for the need for high-quality data to be produced;

(c) While supporting the implementation of a comprehensive ICP, stressed that a balanced approach was needed between the geographic coverage and scope of aggregates, on the one hand, and the credibility, quality and timeliness of results on the other, and suggested that the first priority was to collect purchasing power parity data on consumption data;

(d) Endorsed the selection of the World Bank as the most appropriate location for the international secretariat for the global coordination and management of ICP;

(e) Extended the term of the existing Friends of the Chair group until the establishment of an international governing body;

(f) Supported the arrangements for regional management and welcomed statements that countries were committed to participate and were ready to move ahead with preparations;

(g) Stressed the potential capacity-building capability of ICP in developing countries.

2. The present report describes the work carried out in response to the Commission's decisions and recommendations, and invites the Commission to review the progress that has been made to date and to consider a number of further recommendations to maintain the rate of progress so that a new round of ICP can be launched in mid-2003.

II. Overall strategy

3. The overall approach and strategy for a new round of ICP was discussed by the Commission at its thirty-second session and was modified to take into account the comments and recommendations of the Commission and the Friends of the Chair group. The revised strategy was then endorsed by the Commission at its thirty-third session.

4. Key elements of the strategy include:

(a) Building a coalition of stakeholders;

(b) Building links between ICP and national statistical activities and using it to help build capacity;

(c) Providing adequate incentives for countries to participate;

(d) Ensuring adequate resources for overall coordination and management;

(e) Carrying out research and development to address important technical problems and issues.

III. Research and development

5. A number of research papers and pilot studies have been completed to review outstanding issues related to the survey framework; the compilation of expenditure weights at the basic-heading level; and alternative regional linking procedures. An international conference was held in Washington, D.C., from 11 to 13 March 2002, to discuss and comment on the findings of recent papers and pilot studies. Twenty-two papers and pilot studies were presented with a view to establishing clarity on outstanding issues, and consensus was reached in a number of areas.[1]

6. An expert group meeting was held in Washington, D.C., from 11 to 13 July 2002, to follow up on the recommendations of the conference and help to make the transition from the conceptual discussion to a practical ICP handbook. The group provided concrete recommendations that helped to steer the preparation of the ICP handbook and establish firm directions for the implementation of ICP.

7. The handbook aims to establish a set of principles and operational procedures that can guide data collection and processing and document best practices, and can serve as a comprehensive reference material and a step-by-step compilation guidebook. A detailed and comprehensive outline of the handbook has been prepared and widely circulated for discussion. Consensus has been achieved on the general structure and content of the draft. A small group of experts, led by a senior editor, is currently working on a draft.

8. It is agreed that it is neither feasible nor necessary that the handbook should be complete in its entirety before ICP is launched. First priority is given to chapters necessary for conducting the first regional workshops. As such, the handbook would be "live" and will be revised and enlarged over time. The working draft will be ready by the end of March 2003. It will be translated into six languages: Arabic, Chinese, French, Portuguese, Russian and Spanish. The first version of the handbook will be disseminated ahead of the regional workshops that are planned to take place after mid-2003.

9. Data collection and processing software (the CPI/ICP *ToolPack*) has been under development. The beta version has been released and will be tested in 12 countries. The final version will be ready by February 2003. The primary objective of the *ToolPack* is to improve national and international data work. It will enable national price statisticians to collect domestic consumer price index (CPI) price (and quantity or expenditure) data as well as ICP price data using a common computer programme that can be adapted to both purposes. Countries will be encouraged to

use the *ToolPack* for their own CPI programmes, and it is expected that there will be worldwide benefits due to the implied harmonization in constructing CPIs. Data quality will also be enhanced because of the built-in checks in the software. Once the basic data have been entered, it will be a trivial matter to construct the final index and data production will become more timely.

IV. Governance structure of ICP

10. A paper setting out the proposed governance structure for ICP was prepared by the World Bank and discussed and agreed with the Friends of the Chair at a meeting held in Paris in June 2002. The basic structure proposed is as follows:

- The **ICP Council**, with its broad representation of sponsors, users, donors and other stakeholders, will be the ultimate "owner" of ICP, equivalent to the annual general meeting of shareholders in a corporation. Its main roles will be to provide a forum where the views of the stakeholders can be expressed, to confirm or otherwise amend the mandate and accountability mechanisms for the Executive Board and to ensure that ICP has adequate resources.
- The **ICP Executive Board**, equivalent to the board of directors in the corporate model, will be responsible for the successful implementation of ICP.
- The ICP **Global Office**, headed by the **ICP Global Manager**, will manage ICP on a day-to-day basis. It will report to the Executive Board and will prepare annual work programmes and budgets for their approval.
- The **Technical Advisory Group** will provide guidance on technical issues and will monitor the use of appropriate methodology.
- **Regional implementing agencies** will be responsible for setting up the structures required to implement and monitor ICP at the regional level. Each regional agency will establish a **regional ICP office** headed by a **regional coordinator**. Regional agencies will also be encouraged to set up regional committees to maintain contact with participating countries.
- Within participating countries, ICP will be carried out by a national implementing agency that will nominate an ICP coordinator.

V. Global management

11. The **ICP Council** will be the highest body of ICP and will include representatives of all stakeholders. It will not be an executive body and will not be involved in day-to-day management or with methodological issues. Rather, the Council will be both the project's client and its ultimate custodian. Formally, the Council will be responsible for the fulfilment of the ICP mission and for making sure that its image is commensurate with the role it plays in shaping assessments of the world economy. Through the representation of all the major players, the Council will also provide the mechanism for keeping all parties involved and informed and for ensuring that the ICP Executive Board and management can rely on high-level support.

12. Membership of the Council will be inclusive rather than exclusive, with up to 50 members, and constituencies, both geographic and functional, will be invited to make nominations for Council membership for the duration of the ICP round. It is expected that the Council will meet about once a year or at the beginning, mid-term and end of the ICP round. It will, however, have longer-term responsibilities, and in particular will review proposals for continuing activities beyond the next round based on the recommendations of the external evaluation.

13. The **ICP Executive Board** will be the decision-making and strategic body of ICP.[2] As such it will be responsible for ensuring that ICP is completed on time and within budget, and that it provides high-quality purchasing power parity (PPP) data for dissemination.

14. The structure and composition of the Executive Board was developed in close collaboration with the Commission's Friends of the Chair group. Membership of the Board will reflect the composition of the regions taking part in the global programme, but all members will be elected to serve for three years in their own individual capacities. The Board will consist of 16 members, who are eminent economists and/or statisticians and experienced statistical managers. Suitable candidates have been identified and contacted. Most are chief statisticians or managers of statistical operations with skills and experience of direct relevance to ICP. An official invitation to join the board will be sent out by December 2002, and the first formal meeting of the Board is due to be held on 27 and 28 February 2003 in Washington, D.C.

15. The Executive Board will be supported by the **Technical Advisory Group**, consisting of no more than five internationally recognized ICP experts, who will advise on issues involving the standards, methods and procedures required by ICP. In addition, the group may propose research or analysis that it believes is necessary if ICP is to continue evolving in the face of changing circumstances and providing better solutions to its users' concerns.

VI. International ICP secretariat

16. Following the recommendation of the Commission at its thirty-third session, an international secretariat of ICP has been created and is housed in the headquarters of the World Bank in Washington, D.C. The Global Manager has been appointed and assumed his position on 4 November 2002. Mr. Fred A. Vogel, an American national, was selected through a competitive process managed by a subcommittee of the Friends of the Chair group and the Director of the Development Data Group of the World Bank.

17. Mr. Vogel brings to ICP considerable experience in the international statistical field, expertise in statistical theory and a strong background in the management of large-scale data collection programmes.

VII. Regional management

18. In line with previous practice and the overall strategy approved by the Commission at its thirty-third session, ICP will be organized on a regional basis. In each of five regions — Africa, Asia and the Pacific, the Commonwealth of

Independent States, Latin America and the Caribbean, and Western Asia — regional implementing agencies will take responsibility for the implementation of ICP and the coordination of activities and liaison with participating countries. Regional implementing agencies will establish regional ICP offices, with appropriate staffing and other resources to implement and monitor ICP at the regional level. Implementing agencies are expected to set up regional committees to provide a mechanism for involving participating countries, fostering a process of ownership of both ICP and its results, and maintaining information flows in both directions.

19. In **Africa**, the lead agency for ICP-Africa is the African Development Bank. It works in close collaboration with the Economic Commission for Africa. A regional meeting was scheduled to be held from 2 to 4 December 2002 in Addis Ababa, Ethiopia to establish the regional governing board and to discuss the regional strategy and work plan. Representatives from all key international, regional, subregional and national statistical institutions were due to attend.

20. For **Asia and the Pacific**, the regional programme is coordinated by the Asian Development Bank, in close collaboration with the Economic and Social Commission for Asia and the Pacific (ESCAP), the Australian Bureau of Statistics (ABS), the Statistical Institute for Asia and the Pacific and other regional agencies. Discussion is under way to establish a regional governing board, consisting of representatives of national statistical offices, regional agencies, international organizations and members of the donor community. The structure and composition of the Regional Governing Board was due to be discussed at the ESCAP Committee of Statistics meeting held in Bangkok, Thailand, from 27 to 29 November 2002. A follow-up meeting of key regional sponsors was expected to be hosted by ABS in the first week of February 2003 to discuss and agree on the modalities of cooperation.

21. **The Middle East**. The Economic and Social Commission for Western Asia is in charge of the regional work for the Western Asia region, and is working in close collaboration with the Arab Fund for Economic and Social Development. A regional meeting was due to be held in January 2003 to establish a regional governing board and discuss the implementation of the regional work plan.

22. **Latin America and the Caribbean**. The Economic Commission for Latin America and the Caribbean has drafted a regional proposal and work plan for Latin America and the Caribbean (ICP-LAC). The proposal was due to be presented at the meeting of the Executive Committee of the Statistical Conference of the Americas held on 11 and 12 December 2002 in Panama City. The Executive Committee of the Statistical Conference considered a proposal to set up an executive board for ICP-LAC. A regional ICP-LAC meeting is to be held in February 2003.

23. **Commonwealth of Independent States (CIS)**. Work in the CIS region is jointly coordinated by the CIS Statistical Committee and by the Russian *Goskomstat*, with assistance from OECD. A proposal for the regional work programme (ICP-CIS) was due to be discussed at the meeting of the Statistical Committee of CIS held on 18 and 19 November 2002.

VIII. Country participation

24. In keeping with previous rounds, the proposed global programme will be organized by regions within the general framework of the global programme; 120 countries are expected to take part in the five regions. By the end of November 2002, over 100 countries had expressed their intentions and interest in participating in their respective regional programmes. Discussion is under way between regional implementing agencies and countries that have shown interest but have yet to make a firm commitment.

25. Participating countries will be divided into three broad categories in each region, according to their statistical capacity to undertake ICP surveys. Countries with a relatively developed statistical infrastructure will be recruited to participate in a full-scale ICP survey, covering total consumption, government expenditure, capital formation and net export. Those with relatively less developed statistical systems will be encouraged to concentrate their resources on getting good quality data for the consumption items only. Countries with a relatively weak statistical infrastructure will take part in a limited way on an experimental basis with a view to preparing themselves for future rounds. A comprehensive statistical assessment is being conducted in Africa to determine the level of countries' participation. Other regions are expected to undertake similar assessments.

IX. Financing

26. The success of the global programme depends on the collective commitment of all partners of ICP in mobilizing adequate financial and other resources. Substantial progress has already been achieved on the fund-raising front, although much still remains to be done. At the time of writing, progress in mobilizing funds at all levels was beyond that anticipated by the original proposal prepared almost two years ago. In that proposal, the overall budget for ICP was estimated at about US$ 14 million in 2001 prices, over a period of three years.

27. Subsequently, fund-raising efforts have taken place at the global, regional and national levels. Regional implementing agencies have also prepared more detailed cost estimates, based on the work programmes agreed within their constituencies. As a result, the overall budget has increased: for example, the budget for ICP-Africa alone is now in excess of $14 million.

28. At the global level, the World Bank established an ICP trust fund to cover both global management and some regional activities; the target for the fund is about $8.7 million. Contributions have already been received from a number of different agencies and further fund-raising is being actively pursued.

29. At the regional level, a parallel fund-raising effort is in progress. Expressions of support and actual contributions are sufficient to cover the budgets in most regions.

30. Overall, progress so far shows that we can safely proceed with ICP and expect to attract adequate funding support for the completion of the proposed three-year programme.

Notes

[1] The papers, report of the conference studies and related materials can be accessed from the ICP web site: worldbank.org/data/icp/papers.htm.

[2] The Friends of the Chair group appointed by the Commission has acted as a de facto Executive Board until the Board is formally constituted and the members are appointed. Once the Board meets formally, as agreed by the Commission at its thirty-third session, the term of the Friends of the Chair group will come to an end.